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## China, Peoples Republic of

### Agricultural Situation

### Weekly Hongbao

### 2008

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**Report Highlights:**

This report provides a news synopsis of trade policy and agriculture/commodities in China. Trade policy news includes: 1) Soybean Industry Development Guidelines, 2) Fertilizer Exports: 100 percent Special Duty, and 3) EU-China Non-Food Rapid Alert System. Agricultural/Commodities News includes: 1) China Food Exports to Japan Down, 2) Grain Prices Increased in March, 3) China's Arable Land Decreased, 4) Olympic Food Safety Top Priority, and 5) China: World's Now Third Largest Milk Producer

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Includes PSD Changes: No  
Includes Trade Matrix: No  
Annual Report  
Beijing [CH1]  
[CH]

## Trade Policy News

### **Soybean Industry Development Guidelines**

A senior official of China's National Development and Reform Commission (NDRC) stated that China is formulating "Soybean Industry Development Guidelines" that will cover structure of the industry and soybean imports. The states purpose of these guidelines is the development of a sustainable, healthy, and stable soybean industry. Regarding the relatively high share of foreign investment in the sector, the official added that China should lead the soybean industry development because it is a critical part of national economy and closely related to people's daily consumption. (Source: Grain and Oils Daily, 04/17/08)

### **Fertilizer Exports: 100 percent Special Duty**

China's Ministry of Finance (MOF) announced that, effective April 20 to September 31, 2008, the exports of all chemical fertilizers and related materials will be subject to a 100 percent special duty. This surcharge comes in addition to the current duty. MOF said this move is aimed at curbing high domestic prices for fertilizers by meeting domestic demand. (Source: Grain and Oils Daily, 04/19/08)

### **EU-China Non-Food Rapid Alert System**

China is creating a national rapid alert system for non-food products (RAPEX) to enhance EU-China information exchange concerning the seizure of substandard consumer products. The local system will connect with the European Union system and will be available to 35 provincial bureaus nationwide in real time. This will allow provincial offices to respond to Beijing headquarters immediately and will greatly facilitate the exchange of product quality information with the EU. (Source: China Daily, 04/25/2008)

## Agricultural/Commodities News

### **China Food Exports to Japan Down**

In the wake of the poisonous dumpling incident, China's food exports, notably vegetables and fresh fishery products, to Japan declined sharply to 471,000 metric tons in the first two months of 2008, down 17 percent from the same period in 2007. In February alone, export volume to Japan dropped by 30 percent. Japan is the third largest export market for Chinese food products. (Source: China Food Newspaper, 04/21/2008)

### **Grain Prices Increased in March**

According to the National Development and Reform Commission (NDRC), the average purchase price for rice, wheat and corn was quoted at US\$226 per ton in March, an increase of 7.6 percent from the previous year. Food prices are expected to continue rising because of escalating grain prices on the world market. NDRC data indicates the world prices for wheat, corn, soybeans and rice in March increased by 137 percent, 36 percent, 79 percent and 67 percent, respectively, from a year ago. (Source: China Food Newspaper, 04/21/2008)

### **China's Arable Land Falling**

In 2007, China lost some 40,000 hectares of arable land. Arable land in China has fallen in recent years because of industrialization and urbanization. However, the pace of decrease is expected to slow down because of stringent control and planning measures outlined in the 2007 Communiqué on Land Resources in China. In this document, the central government will attempt to protect the remaining 120 million hectares of arable land. (Source: China Economic Times, 4/18/08)

**Olympic Food Safety Top Priority**

On April 18, the director of the General Administration of Quality Supervision, Inspection and Quarantine (AQSIQ) stated that Olympic food suppliers should tighten their management procedures to ensure products are not sabotaged before or during the Games. He also stated that firms should keep video records of their monitoring procedures for use in the event of any tampering. (Source: The People Daily, 04/24/2008)

**China Third Largest Milk Producer**

During the Third Dairy Cattle Development Conference (Shanghai April 16-17, 2008), the President of China Dairy Association, stated that China's 2007 dairy cattle inventory was 14.7 million head, a 7.8 percent increase from 2006, and China's 2007 total milk production was 36.5 million tons. China is now the third largest milk producing country in the world. (Source: The People's Daily, 4/22/2008)